

DOCKET FILE COPY ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

SEP 25 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Federal-State Joint Board) CC Docket No. 96-45
on Universal Service)
)

**Comments of the Education and Library Networks Coalition (EdLiNC)
on DA 97-1957¹, Universal Service Support Distribution Options**

Introduction

On September 10, 1997, the Commission released a Public Notice requesting comments in the above mentioned proceeding. The request addressed two very important topics: the potential for exhaustion of the universal service fund for schools and libraries, and the allocation of aggregated requests for funds. The Education and Library Networks Coalition (EdLiNC) considers these issues to be very important in the Commission's continuing efforts to ensure that the Schools and Libraries portion of the universal service program is able to begin disbursing discounts on January 1, 1997.

EdLiNC is a coalition of over thirty major national organizations representing both public and

¹DA 97-1957, "Common Carrier Bureau Seeks Comment on Universal Service Support Distribution Options for Schools, Libraries, and Rural Health Care Providers, CC 96-45," September 10, 1997.

private schools and libraries, as well as the children and lifelong learners that they serve.² Its members were strong advocates of the Snowe-Rockefeller-Exon- Kerrey Amendment ("SREK") to the 1996 Telecommunications Act ("Act") which directed the FCC to establish affordable telecommunications rates for schools and libraries. EdLiNC was also an active party to the Universal Service rule making process before the Federal-State Joint Board and the FCC which resulted in the Report and Order on Universal Service. EdLiNC continues to be dedicated to working with the Commission, the Schools and Libraries Corporation, and other entities working to ensure that schools and libraries receive the discounts mandated in the Telecommunications Act of 1996.

1. Potential for Exhaustion of Funds

EdLiNC recognizes that the exhaustion of the funds for schools and libraries is a possibility. Despite the Commission's careful consideration of the needs of schools and libraries, the lack of reliable demand forecasting information in the fields of education and library technology -- fields where demand varies unpredictably -- may have caused the Commission to underestimate the total demand for support that schools and libraries will place on the universal service fund.

Because there are not any proven methodologies for forecasting demand in the face of this unprecedented program, EdLiNC believes that the Schools and Libraries Corporation (SLC)

² A list of the members of EdLiNC is attached to this filing as Appendix A. This list also available from the EdLiNC website at <http://www.edlinc.org>.

should carefully monitor the demand for funding, and should incorporate the data into its forecasting models for future years. The SLC should also undertake efforts to determine the likelihood of fund exhaustion in the first year of the fund, and should make recommendations to the Commission regarding the adjustment of the size of the fund or adjusting the levels of discounts.

However, it is not clear at this time what the practical effects of the "windowing" proposal outlined by the Commission would be. Regardless of whether a single window were opened at the beginning of the program, or whether a rolling system of windows were implemented in order to ensure that fund disbursement happened in a distributed fashion, there is little (if any) data showing what the effects of this system would be. We believe that the SLC should incorporate this into its considerations and data collection efforts to determine what would be the most equitable manner for the distribution of funds. However, we do not believe that the Commission should implement such a measure at this time; rather, that authority should be delegated to the Schools and Libraries Corporation, which will be responsible for monitoring the flow of funds to schools and libraries.

Since the demand for funds in the first and following funding years is still unclear, it seems premature for the Commission to revise its rules for prioritization in the first year. However, as that data becomes available, it may be prudent for the Commission to make a revision. We recommend that, rather than imposing a trigger which might further cause alarm among schools

and libraries about the perceived potential shortage of funding, the Commission ask the Schools and Libraries Corporation to determine whether a trigger will be necessary in the first six months.

2. Allocation of Aggregated Requests for Funds

The Commission should clarify the mechanism through which "aggregate" applicants would be able to calculate their discount rates. EdLiNC believes that the Commission should find a non-cumbersome mechanism to determine these discounts. The system that the Commission sets up should preserve equity to the greatest degree possible without creating a process that would be overly burdensome to school districts and library systems throughout the country.

For existing aggregation and consortia arrangements, the discounts should be applied to the individual bills, if the services are being billed back to the eligible entities participating in the consortium. Additionally, existing cost allocation mechanisms should be able to take advantage of the discount rates. In many cases, consortia have already determined how they will divide the costs of service among their various participants, and the participants have agreed that the method chosen is a fair and equitable way to divide costs.³ The FCC should *not* attempt to

³ Potentially incorrect information on how to calculate the discounts abounds on the Internet. See, for example, the site at <http://www.merit.edu/k12.michigan/usf/math.html>. While the information on the page is generally good, it does not and cannot provide authoritative guidance on how to calculate the discounts. Such guidance can only come from the FCC.

impose a required methodology of dividing costs among members of existing consortia.⁴ In these cases, the consortium is essentially acting as an agent on behalf of its members, providing a bill to the library systems and/or school districts participating in the consortium, and the individual library systems and school districts have agreed to participate in that arrangement. The imposition of a required cost allocation methodology would only force library systems and school districts to apply on an individual basis, potentially increasing the number of applications by a factor of 10. This would pose a tremendous burden to both the schools and libraries which will have to fill out the applications and to the fund administrator, which will be forced to process the applications.

Conclusion

EdLiNC believes that many aspects of this program will require further examination in the future to maximize equity in the distribution of funds. However, since it is unclear whether there will indeed be strains placed on the total level of funding, it is premature to impose additional triggers on funding in the first year. Furthermore, the FCC should strive to implement a simple, fair, and equitable system for the determination of "aggregate" discounts.

⁴These consortia, especially when they involve public entities such as libraries and schools, are already subject to audit to ensure compliance with generally accepted accounting principles.

Appendix A: About the Education and Library Networks Coalition

The Education and Libraries Networks Coalition (EdLiNC) was formed to represent the viewpoint of schools and libraries in the FCC proceedings dealing with the implementation of the Telecommunications Act of 1996. The Coalition seeks to expand the use of educational technologies in schools and libraries by making sure that these entities are given the affordable rate which is guaranteed to them in Universal Service Provisions of the Act. In the initial Request for Comments and Reply Comments phases, EdLiNC filed as NSBA et al. All of EdLiNC's comments are available online (see <http://www.edlinc.org>).

The list of members is in constant flux as we add more and more organizations to the coalition. As the date of this filing, the members of the Coalition are:

- Alliance for Community Media
- American Association for Adult and Continuing Education
- American Association of Educational Service Agencies
- American Association of School Administrators
- American Library Association
- American Psychological Association
- Association for Education Communications and Technology
- Association for Supervision and Curriculum Development
- Association for the Advancement of Computing in Education
- Center for Media Education
- Consortium for School Networking
- Council for American Private Education
- Council for Educational Development and Research
- Council of Chief State School Officers
- Education Legislative Services, Inc.
- Educational Testing Service
- Federation of Behavioral Psychological and Cognitive Sciences
- Global Village Schools Institute
- International Society for Telecommunications in Education
- Lutheran Church -- Missouri Synod
- International Telecomputing Consortium
- National Association of Counties
- National Association of Elementary School Principals
- National Association of Independent Schools
- National Association of Secondary School Principals
- National Association of State Boards of Education
- National Association of Student Financial Aid Administrators
- National Catholic Educational Association
- National Education Association

National Grange
National Rural Education Association
National Rural Electric Cooperative Association
National School Boards Association
Organizations Concerned about Rural Education
People for the American Way Action Fund
United States Catholic Conference
United States Distance Learning Association